

# The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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## Cooperatives Make Extensive Progress

Movement Steadily Gains Ground Among City and Rural Groups In the United States

### FARMERS WELL ORGANIZED

Consumers' Societies Double Their Membership and Business in Three-Year Period

The American family spends more of its money on food than on any other single thing. It is estimated that one-third of the average family's dollar is used to purchase food products. The remaining two-thirds goes to pay for shelter, clothing, household expenses, transportation, medical care, education, amusement, and other varying items.

Practically every family in the United States is thus vitally interested in the price it has to pay for food. A few cents suddenly added to the cost of a pound of beef, or a head of lettuce, makes a great difference in the daily diet of millions of people. Such increases in the price of foods have been frequent during the last few years, and serious problems have resulted for many families whose incomes have not risen proportionately.

#### Co-ops Increase

It is not surprising, therefore, to learn that increasing numbers of people in this country are turning to the cooperative movement as a means of attempting to bring down the cost of the meat, the bread, and the vegetables they must have. In recent years consumers' cooperative societies have sprung up rapidly in many sections of the nation, especially in the years of depression, and in the period of price increases during the time of temporary recovery. The Department of Labor has just completed a survey of cooperation, and it finds that the number of consumers' cooperative organizations doubled between 1933 and 1936—from 1,800 to 3,600, from 328,278 members to 677,750. Total members must be close to a million at the present time.

Consumers' cooperatives are particularly strong in Minnesota, Illinois, Nebraska, Iowa, Wisconsin, Kansas, Michigan, and half a dozen other states, although they are spread far and wide over the nation as a whole. They have been most flourishing in those regions where people of Scandinavian origin settled, bringing with them the ideas of cooperation which have long been firmly established in that part of Europe.

The movement owes its origin to 28 poor weavers who lived in the town of Rochdale, England, nearly a century ago. In an effort to improve their conditions of living, these weavers each subscribed a bit of money to a common fund. With the money saved they established a rude store of their own, from which they could purchase groceries. Their idea was that by owning their own cooperative store they could do away with the profit of the store owner, or middleman, and thus assure themselves of food products at a price lower than they would have to pay elsewhere.

The principles developed by the Rochdale weavers have to this day formed the basis of the world-wide cooperative movement, embracing 140,000,000 people in many different countries. These principles, simply stated, are as follows:

1. A group of people get together and

(Concluded on page 7)



IF YOU CAN'T LICK 'EM JOIN 'EM

ELDERMAN IN WASHINGTON POST

## Italo-British Pact Weighed in Europe

Consensus Is That Treaty Will Temporarily Stabilize Conditions on the Continent

### REVERSES BRITAIN'S POLICY

Hope Increased for Four-Power Pact Including Great Britain, Italy, France, and Germany

The successful conclusion of the treaty of friendship between England and Italy, which was described in last week's issue of THE AMERICAN OBSERVER (page 3), is an event of major importance and is likely to have a vital influence upon the course of developments during the coming months. By the terms of this agreement, the two powers, which had been at dagger points for nearly three years, have composed most of their differences. The Ethiopian episode has been settled; the two powers have come to terms with respect to their individual interests in Africa and the Mediterranean; they have worked out a formula with respect to their conflicting interests in the Near East; and, most important of all, Italy has promised to withdraw her troops and war materials from Spain upon the conclusion of the war and declares that she has no political or territorial ambitions in Spain or any of her possessions.

#### A New Chapter

Whatever may be the ultimate consequences of this agreement upon the future of Europe, observers are agreed upon one thing. It marks the beginning of a new era in European affairs. Whether the new chapter will be characterized by greater peace and stability than the one which has just closed, or whether its conclusion will be the "next world war," only time will tell. For the moment, however, the tense atmosphere of the last few years seems somewhat to have cleared and the future is envisaged with greater optimism than during recent months.

By coming to terms with Italy, the British government has abandoned one of the main foundations upon which her postwar foreign policy had been built. That policy was based upon support of the League of Nations and the peace machinery of collective security which was constructed at the conclusion of the World War. Now Great Britain has promised, for one thing, to use her influence with the other members of the League to have them recognize the Italian conquest of Ethiopia. And this is to be done despite the fact that the conquest of Ethiopia violated every principle of the League and was the very type of aggression which the League was created to prevent. Thus, if the accord with Italy means anything, it means that England has abandoned the hope of preserving the peace of Europe through international cooperation as represented by the collective machinery and that she has turned to the old formula of direct negotiation with individual nations.

It can readily be seen that the treaty of friendship is not without its elements of contradiction. As a writer in the Washington Post declares: "This latest peace accord presents a strange paradox, since it springs not from ethics and justice, but from violence and disregard of treaties. Among the impulses which brought it to fruition may be listed Italy's conquest of

## Do You Know Mr. Boner?

Mr. Boner is a man of good purposes and high ideals. He nearly always does the right thing as he sees it. Conscious of his good intentions and of his many worthy deeds, he thinks that he should have the approval of his fellowmen. He would like to be popular. The other day, feeling an impulse of hospitality, he invited four friends, Smith, Johnson, Jones, and Thompson, to lunch. He urged everyone to eat heartily but said that he himself had to be content with a very light lunch, since he tended to gain weight and was resolved not to allow himself to get fat. The week before he had seen Smith mount the scales and register 231 pounds, but he didn't think of that when he spoke about getting fat. A few minutes later he made a sarcastic remark to the detriment of the mayor, who was Johnson's best friend. Sensing a definite fridity in the atmosphere, he changed the subject to the mounting fatalities from automobile accidents; and wondered why Jones appeared to lose his appetite. As a matter of fact, Jones' son had been killed in traffic the month before and the reminder was naturally painful. Mr. Boner then remembered some divorce statistics which had appeared in the morning paper, and spoke with feeling and alarm about the growing problem indicated by the figures—without, however, eliciting any comment from Thompson, whose wife was spending the winter in Reno.

It was a genuinely friendly impulse which had prompted Mr. Boner to ask his neighbors to lunch. He was always doing things like that. And yet these kindly overtures didn't seem to get him anywhere. He was a candidate for the city council at the last election and was overwhelmingly defeated. In his own precinct 128 votes were cast and he received 27. He couldn't understand it. But that wasn't the thing that hurt him most. After all, he could live without political success. But people didn't seem to like him. His neighbors didn't invite him to lunch or to anything else. His business didn't prosper. Customers were always taking offense at things he said.

In a fit of desperation, Boner went to his good friend Mr. Wiseman and asked what was the matter. "Your trouble," said Wiseman, "is that you are tactless. You mean well, but you are thoughtless. You don't keep your wits about you. You do not weigh the effects of your remarks. You are always irritating people or making them angry or hurting their feelings. You don't do it intentionally, but the effect is as bad as if you did." "But," said Boner, "shouldn't one be honest? Shouldn't he say what he thinks? Should one be trimming his sails all the time?" "One should be honest, all right," replied his friend, "but he needn't say everything that comes into his mind. Each one owes it to himself and also to others to avoid irritating words or behavior, to associate pleasantly with his fellows, to conduct himself so as to contribute to the good feeling, comfort, or happiness of everyone. One can do this only by using his head at all times, by knowing and then weighing the effects of all that he says and does. Tact should be cultivated by all, for it is a quality without which one cannot serve himself or his fellowmen, however good his intentions or however lofty his ideals."



Ethiopia, Germany's occupation of the Rhineland and seizure of Austria, Japan's attack upon China, the approach of the Fascist-aided rebels to victory in Spain, the decline of the world's peace machinery, and the British government's abandonment of the principles on which it was elected to power. How could such events, either accompanied with disregard of governmental pledges or reeking with the smell of explosives and the blood of innocent peoples, produce a contribution to stability and peace?"

The answer to this question lies in the background which gave rise to the accord and which affects not only England and Italy but all the nations of Europe. England, which made the overtures, seems to have been motivated by the desire to make the best of a bad job, to salvage what she could from an unfortunate situation, and to try to reconstruct peace. It seems to have been the old idea of "taking what you can get if you can't get what you want." And the recent drift in European affairs made it propitious for both the British and the Italians to compose their differences in a general treaty of the type recently concluded.

#### Rome-Berlin Axis

The most important factor in bringing about the agreement was Germany's increased expansion in Europe. Prior to that time, Italy and Germany were equal



CALLAR IN TORONTO DAILY STAR  
—UNTIL THE NEXT TIME  
Canadian view.

partners in the so-called Rome-Berlin axis. They worked together on European problems, each supporting the other. Germany supported Italy on the Ethiopian question, and Italy bolstered many of Germany's claims. Both cooperated in Spain by assisting the insurgents. The Rome-Berlin axis became perhaps the most important factor in European politics.

The annexation of Austria by Germany a few weeks ago brought about a radical change in the whole European situation. And Italy was affected as vitally as any other nation on the continent. The Nazi coup brought a greater Germany to the Brenner Pass, Italy's very front door. The removal of an independent Austria which served as a buffer state greatly weakened Italy's security. To cause further anxiety among the Italians, the Germans made it clear that they had greater ambitions, that they intended pushing their way into the Balkan and Danubian nations, where Italy has vital interests. Italy's position was threatened, and there was danger that she would no longer be an equal member of the axis but rather would be completely dominated by a more powerful Germany. In a word, the axis with Berlin threatened, as one writer has put it, to become a yoke.

It was undoubtedly to offset the rising



MIDDLETON IN BIRMINGHAM GAZETTE  
A BRITISH VIEW OF THE ROME-BERLIN AXIS  
If Duce is chided for getting nothing for something

German power and strength that Italy settled her differences with Great Britain. And the time was ripe for such an agreement, from both the British and the Italian points of view. If Germany were successful in dominating Central Europe, Italy would be thrust into a position of secondary importance and might become a tool of Hitler. As Mr. Walter Lippmann declares in a recent column appearing in the *New York Herald-Tribune*:

But Mussolini has also had compelling reasons for negotiating with Mr. Chamberlain. For he was on his way to becoming not the ally of Germany but the vassal of Germany, and the catspaw of Germany and Japan. He knew very well that if British imperialism had to fight one of the military dictatorships, it would have to fight his; Britain would give up China and Central Europe, but it would never give up Egypt and the road to India. In a war with Britain, he had no chance to win. In the end he was certain to be crushed. Whereas the Germans and the Japanese were advancing in regions where Britain had only a secondary interest and where Britain had no great military power, Mussolini was threatening the vital interests of Britain at the point where British power is still enormously great.

The reasons which motivated the British are equally clear and compelling. So long as they were confronted by a hostile alignment of powers, affecting their interests in the Far East, the Mediterranean, and on the European continent, they were placed in an extremely precarious position. While they might be successful in an encounter with any one of the powers, the combination placed them in a vulnerable position, for their military and naval strength would have to be divided and could not be concentrated in a single war area. The Rome-Berlin axis was a serious threat to British security, and it has been one of the major purposes of Chamberlain to break, or at least, to weaken that axis by weaning away one of the members.

#### A Shifting Scene

But does the accord between Italy and Britain really weaken the Rome-Berlin axis? May it not result in strengthening it? An answer to these questions cannot be given at this time. Mussolini denies emphatically that he has any intention of abandoning the axis, and the desire to prevent Hitler from dominating the axis undoubtedly had something to do with his burying the hatchet with Great Britain. Within a few days, the German dictator will visit Italy to hold conferences with Il Duce, amid all the parades and trumpet-blowing that attend such state visits. After the meeting of the two dictators, the future of the Rome-Berlin axis, as well as the future trend of European politics in general may be more clearly discernible than it is today.

Meanwhile, the whole European scene is rapidly shifting as a result of these late developments.

Already France is making overtures to Italy with a view to concluding a treaty of friendship designed to compose the differences between the two nations, differences which arise primarily from the Ethiopian venture, Italian intervention in Spain, and rivalry in Africa and the Mediterranean area. At the same time, there are reports that England is seeking to come to terms with Germany in an arrangement similar to that made with Italy.

If such arrangements can be brought to a successful conclusion, the whole European picture

will have been drastically altered. The way will have been paved for a concert of powers, a four-power pact, including England, France, Italy, and Germany, the main purpose of which would be to preserve peace in Europe. Thus instead of a Europe divided into two hostile camps, the continent would be dominated by the four powers.

There are, of course, many obstacles standing in the way of such a four-power pact. Aside from the difficulty of composing the differences of the individual nations, there is the broader question of Russia's position in the future of Europe. In a way, this is the crux of the whole problem.

#### Russian Influence

Already Russian influence in Europe has suffered from the turn of European politics. At no time within recent years has it declined to its present low level. Its major purpose of lining up the democracies of Europe against the fascist powers has met with failure. Its cooperation with the League of Nations for this objective has yielded no positive results as the fascists have won victory after victory. Not only has it seen the popular front governments, composed of liberal and radical parties, fall by the wayside, but it must swallow the bitterest pill of all, the defeat of the Spanish loyalists, whom it has supported from the beginning of the civil war.

On top of all these rebuffs comes the Anglo-Italian pact, which shifts the center of political gravity away from Russia. What the consequences will be upon future Russian policy is difficult to predict. If the proposed four-power pact becomes a reality, Russian influence will decline even further. And it seems hardly likely that such a pact can be concluded until Russia is relegated to a place of inferior influence, for the very basis of Germany's foreign policy, and to a lesser extent, Italy's, has been to isolate Soviet Russia.

At the present time, strong pressure is being brought to bear upon France to break the Franco-Soviet pact and to bring to an end the Russian-Czechoslovak alliance as conditions essential to bringing Germany within a general European arrangement.



NEXT?

Last week, as the French premier and finance minister conferred with officials of the British government in London, the position of Russia was one of the important topics of conversation. It is no secret that the Chamberlain government has little use for Soviet Russia and would be glad to see the Franco-Soviet pact brought to an end. Since British foreign policy now seems concentrated toward bringing Germany to terms with the nations of Western Europe, her support for the removal of the greatest obstacle to such an accord is taken for granted.

Thus Europe seems to be veering toward new alignments as a result of the Anglo-Italian pact. Already Czechoslovakia has recognized the Italian conquest of Ethiopia—a particularly significant development since Czechoslovakia was always one of the staunchest supporters of the League and since the Ethiopian venture dealt the League the severest blow in its entire history. The Czechs are also seeking to appease Germany by making concessions to the German minority residing within their country.

#### Four-Power Pact?

It appears likely that the next few weeks in Europe will be marked by a determined effort to negotiate a truce with both Italy and Germany, in the hope that the peace of the continent may be placed on a more



TALBURT IN WASHINGTON NEWS  
THE OLD HOUSE PAINTER GETS AN EYEFUL!

solid foundation. Whether this will be successful will depend primarily upon Germany, for that nation still holds the key to the entire situation. And Germany's position will be governed by the willingness of the other powers to make concessions on such things as Russia, Czechoslovakia, and probably colonies.

As the lines are shifting throughout Europe, there is widespread discontent as well as approval of British policy. The Chamberlain government has been accused of "selling out" to the fascists through the accord with Mussolini. It has been accused of seeking to make France sell out to them by sacrificing her alliance with Russia. The net result of all this will be, it is contended, to make the fascist powers even more dominant on the continent than they now are.

Those who support the policy of Great Britain, however, argue that it is based upon realism and compromise and that it offers the only hope of maintaining peace in Europe. There can be little question that the great tension has been relieved for the time being. But whether it is only a temporary lull before an even greater storm is the troubling question which must remain unanswered. Much will depend upon the outcome of the negotiations which have begun as a result of the Anglo-Italian accord.

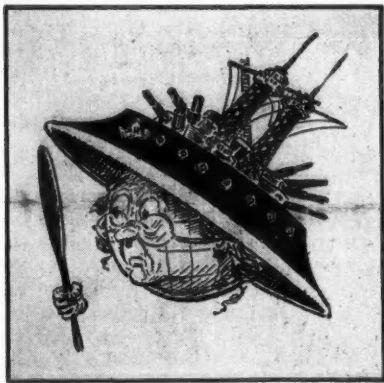


# AROUND THE WORLD

**The Week:** Smarting under the stigma of recent defeats at the hands of Chinese forces, the Japanese have concentrated great masses of troops in Shantung peninsula for a drive which threatens to become the greatest military engagement in the history of the Far East. Chinese forces have retreated south to strengthen their positions along a 30-mile front and to try to defend the important center of Suchow.

In Spain, although loyalist resistance was stiffer, General Franco's troops continued their advance towards Barcelona and along the east coast. In the west they drove a surprise thrust around Teruel and another into Madrid, but were repulsed in the latter.

Czechoslovakia is once again in the news as Konrad Henlein, leader of the Nazi Sudeten German minority in that country, issued a strongly worded ultimatum demanding autonomy for the Sudeten Germans. His speech was blunt, contained dark references to a foreign war, and was thought to have been inspired by Hitler. Hungarian crowds in the streets of Budapest shouted for the partition of Czechoslovakia and the return of Hungary's lost territories.



The "Panay Incident" which caused such high feeling between the United States and Japan last December was closed last week when Seijiro Joshizawa, a director of the Japanese Foreign Office, handed to a representative of the American Embassy in Tokyo a check for \$2,214,007.36. Mr. Joshizawa was visibly moved by the occasion and was unable to speak.

In the Western Hemisphere the Nazis received two setbacks. Moving to suppress their organization completely, the Brazilian dictator, Getulio Vargas, outlawed their activities, uniforms, organizations.

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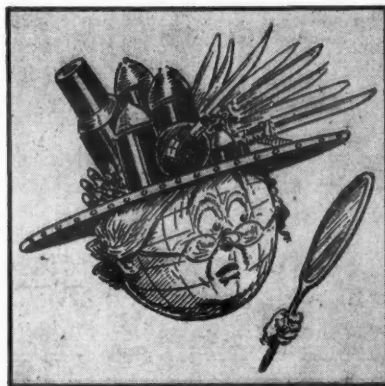
**Rumania:** When Rumania's dictating Carol turned suddenly on Corneliu Codreanu, leader of the Iron Guard movement, and imprisoned him and hundreds of his followers last week, members of the democratic governments in Europe drew sighs of relief. For Codreanu has long been a thorn in the side of the French in their attempts to keep Rumania in the

democratic block in eastern Europe. Ruthless, violently anti-Semitic and pro-Nazi, this man, backed by the fascist elements, had become strong enough to challenge each one of the four different governments that have struggled to keep power in their hands in the last five months. It was thought for some time that Codreanu might himself assume control of the government and proceed at once to tie Rumania to Germany and Italy.

Rumania is one of the most important factors involved in the German drive to increase Nazi hegemony over southeastern Europe. She is large, a military power of some consequence, and most important of all, has within her borders vast oil fields, the products of which may be sold to or withheld from Germany at will. She is also a great wheat-growing country, and her weight thrown either in favor of or against Germany would count considerably in any European struggle. Both France and Germany realize this keenly, and both have gone to great lengths to insure a government favorable to themselves in Bucharest.

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**Russia:** How many people have been arrested or executed in Stalin's efforts to rid the Soviet Union of his enemies? The veil of secrecy which the Soviet government has drawn over these matters makes an accurate estimate very difficult. It is estimated, however, that more than one million individuals have been arrested for political reasons during the past year. How many have been killed is not known. This civil war within the ruling group—one set of Communists against another—has been tremendously costly to Russia, ridding her of valuable technicians and leaders and undermining her morale as



well. Every now and then the great wave of purges seems to subside for a moment, only to break out again with renewed vigor.

On April 20, for instance, Stalin sharply reprimanded the provincial officials who were purging the collective farms of "undesirable elements," turning countless numbers of people away from their only means of livelihood toward starvation. The officials who believed they were only carrying out the wishes of the Moscow government were themselves terrified at the strong wording of the reprimand, and wondered if they themselves might not be slated for purging. Stalin's action, it is believed, was the result of the unsatisfactory state of spring sowing in Russia. The planting of grain is 13,000,000 acres under what it was last year at this time, and other branches of agriculture are lagging proportionately. Whether this is because of poor weather conditions, failure to repair farm machinery and operate the large farms efficiently or not, the purge of agriculture has not had the desired effects, and in the words of the reprimand "has only caused hostility to the Soviet regime."



PUBLISHER'S PHOTO

A PANORAMA OF THE GOLDEN HORN, ISTANBUL, TURKEY

But it appears that other purges will go on. Four days later, on Russian Easter, a new one was launched, this time against church leaders who are charged with crimes ranging from espionage to the establishment of a "miracle factory" in Moscow. Twenty-five leaders are known to be under arrest, and many others are believed to be dead or in prison.

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**Germany:** On an Alpine peak that rears 3,000 feet above the surrounding landscape, not far from what was formerly the Austrian border, stands Hitler's chalet. It was a modest hut once, typical of the homes of the mountain folk. But it has now been turned into a sprawling mansion where the dictator spends at least three days a week. Official duties compel him to spend some time at the chancellery in Berlin. But he does not like the capital city. Its narrow, cobble streets do not encourage dreams. He prefers a landscape where vistas seem to have no end but in the beholder's mind. That is perhaps why he plans to remake Berlin into a city of "magnificent distances." Until that should be achieved, he avoids Berlin, hurrying away whenever he can to his mountain retreat.

Here his life is fairly simple. He reads official reports, receives his deputies, and

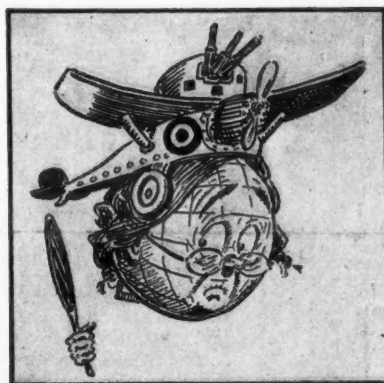
him as "semi-divine;" such references are not widely quoted. But it is significant that in recent speeches broadcast throughout Germany, it has been stated that "Hitler is Germany, and Germany is Hitler."

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**Turkey:** Although defeated in the World War by the Allied powers, Turkey is not today joining in the cry of the "have-nots" for return of her lost territories and for treaty revision. On the contrary, in international practice she has become one of the best-behaved countries in the world. She has relied upon the creation of a sound economic structure at home and the conclusion of economic agreements abroad to give her the strength which she used to try to attain by international intrigue and by force of arms.

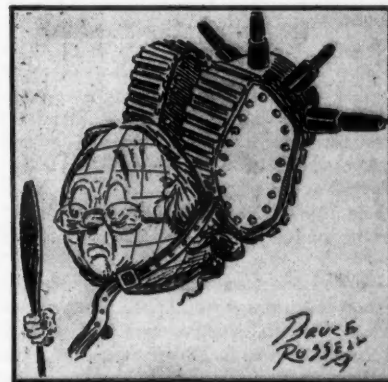
To President Mustapha Kemal Attaturk goes much of the credit for the steady improvement in his country's position in international affairs and the relative prosperity within. He studied Russian technical methods and adopted planned economy for industry, agriculture, and commerce, and the results have so far been satisfying. A Five Year Plan for industry, and a Four and Three Year Plan for agriculture and mining respectively have brought production within Turkey to a level equal to that of some European states.

In foreign commerce, Kemal has been very careful to keep exports and imports balanced. Last fall, for instance, Germany owed Turkey \$15,000,000 on goods which Germany had received previously. Germany wanted more Turkish products, but not until Germany had sent \$15,000,000 worth of ships and submarines, did Turkey agree to send any more of her nuts, tobacco, raisins, mohair, wheat, or the like. With every other nation she has been equally cautious, with the result that she is commercially independent and her credit standing is good everywhere.



prepares his speeches. But above all, here he is able to dream; to retire, as it were, from politics' marketplace; and to vision himself as the great Germanic father destined by some fate to build the newer and greater Germany.

In cold print, this figure of speech seems somewhat ridiculous. Yet none other can convey an idea of the position to which Hitler is gradually being elevated. For some time it has been evident that the dictator's more ardent assistants are striving to impress upon the public mind of Germany that Hitler is something more than a man. One may omit references to



SPRING MILLINERY FOR OLD MOTHER EARTH  
RUSSELL IN LOS ANGELES TIMES

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THE NEW NICKEL

Winning design for the new five-cent-piece which will memorialize Thomas Jefferson. On one side is the face of Jefferson and on the other his home, Monticello, Virginia. The design accepted in a nationwide competition was made by Felix Schlag, who was born in Germany.

## Tax Exemptions

Tax experts have long complained because the federal government and local governments have not been able to tax the interest on each other's bonds, and the salaries paid to each other's employees. In a special message to Congress last week, President Roosevelt asked the legislators to enact a "short and simple statute" doing away with this policy of mutual exemption from taxation. The President noted that in the past the Supreme Court has held such taxation unconstitutional, but he went on to say that "the assumptions underlying these doctrines are being questioned by the court itself" and "it is not unreasonable to hope that judicial decision may find it possible to correct it."

A sizable field for taxation would be opened by such a law. There are about 55 billion dollars in government bonds—federal, state, and municipal—at present, drawing two billion dollars interest every year. If the federal government could tax local bonds, it is estimated that the revenue would amount to 70 million dollars a year. Of course, the law would probably not apply to bonds already issued, but as old ones are replaced and new ones issued, all would eventually be taxed. It is likely, too, that such a law would lead the way toward the federal government's taxing its own bonds. Although it has the legal right to do so at present, most of its bonds are tax-exempt.

There are some 800,000 federal employees, receiving a billion and a half dollars a year, who would have to pay state income taxes under the proposed law. The federal government would be allowed to tax the four million persons on state and municipal payrolls, who draw about six billion dollars a year.

The President was expected to send another message to Congress, dealing with monopolies, before he left Washington for a week's fishing trip on the cruiser *Philadelphia*, off the coast of South Carolina.

## Third Party Talk

Until recently, the President has had no more enthusiastic supporters than the La Follette brothers of Wisconsin—Governor Phil and Senator Bob. Both are independents, members of the Wisconsin Progressive party, but they supported the Democratic ticket in 1932 and in 1936 because they believed in the economic and social principles set forth by Franklin D. Roosevelt.

Lately, however, there have been rumors of a rift between the La Follettes and the President. They opposed his plan to reduce government spending last spring. And they urged him to move forward more rapidly with fundamental economic reforms than he was willing to go.

Last week Governor La Follette held a meeting of independent farm, labor, and business leaders, the first step, it is believed, in the organizing of a nation-wide third party. Before that, the governor had talked with several thousand people, and he had given a series of four radio addresses, assailing both the Democrats and the Republicans. Neither party, he said, has shown any indication that it plans to meet squarely the issues which face

the nation. Hoover's policy of government lending and Roosevelt's policy of government spending are both only temporary measures; neither will create lasting employment and permanent prosperity, he claims.

Political observers are watching the Wisconsin development carefully. The La Follettes are canny politicians; if they have decided to launch a third party, they must be fairly certain that it has a good chance to succeed—at least to be as successful as the party which their father headed in 1924. The La Follettes have not outlined a definite program. They are known to favor a program of self-liquidating public works, such as toll bridges and highways which will eventually pay for themselves; and changes in the tax structure which will enlarge the income tax revenue and do away with many hidden taxes. But a third party with the La Follettes at the helm would undoubtedly have many other more drastic planks than these in its platform.

## Low-Cost Houses

Houses cost more than most American families can afford. Simply stated, that is the reason for the acute shortage in homes which is facing the United States today. Families in the lower-income groups—which are said to include more than 75 per cent of the American people—just cannot build or rent good homes at present prices.

Now the housing committee of the American Institute of Architects is working on a plan to build homes for \$2,500 each. This price

includes materials, labor, plumbing, heating, architect's fees—everything but the land itself. Each of the houses is to include three bedrooms, a living room, a bathroom, and a good-sized kitchen, but there are to be more than 200 different designs from which builders may select. The architects are following the example of automobile and radio manufacturers, they say, by planning homes on a "mass production" scale. They believe they can cut the price of houses to fit the budgets of families with incomes as low as \$30 a week. If they are successful in that, they predict that two million houses will find a ready market in this country.

## Expert Diagnosis

William Allen White, author and editor of the *Emporia Gazette*, is a keen observer, with a wealth of knowledge and experience on which to base his observations. Recently he was asked what principal obstacle prevents economic recovery. His answer, although not unusual or startling, is significant in that it comes from him. He said:

The obstacle to the thing we call recovery is not fear of one man. If Roosevelt, Hitler, Mussolini, and Stalin all were to die within a month, the obstacles would remain. For hundreds of millions of men, round pegs in square industrial holes not functioning fully to capacity, although our presidents and dictators all were dead, would still feel that the distributive system of Christendom is not perfect. These hundreds of millions will continue to agitate for a larger share than they now receive in the gross product of the machine age.

Universal education and the common use of machinery have fused a new dynamite of discontent in the world. In Europe the common man has turned futilely to the dictator. Soon the dictator will pass. In America, the forgotten man turned to Roosevelt. Roosevelt also is temporary. His followers are here to stay. Unless the wisdom of man can find some fair way to secure exceptional rewards to exceptional men who have organizing talents and at the same time to establish a universally high standard of living which will satisfy the common man who has only a common talent, we shall have no peace in business or industry. It is a world problem facing modern man. No leader nor any small group of men is the menace. The menace is inherent in the problem of the distribution of income.

## Balancing the Books

In the more than five years since President Roosevelt took office, the federal government has spent about 13 and one-quarter billion dollars on relief. The relief bill for the book-



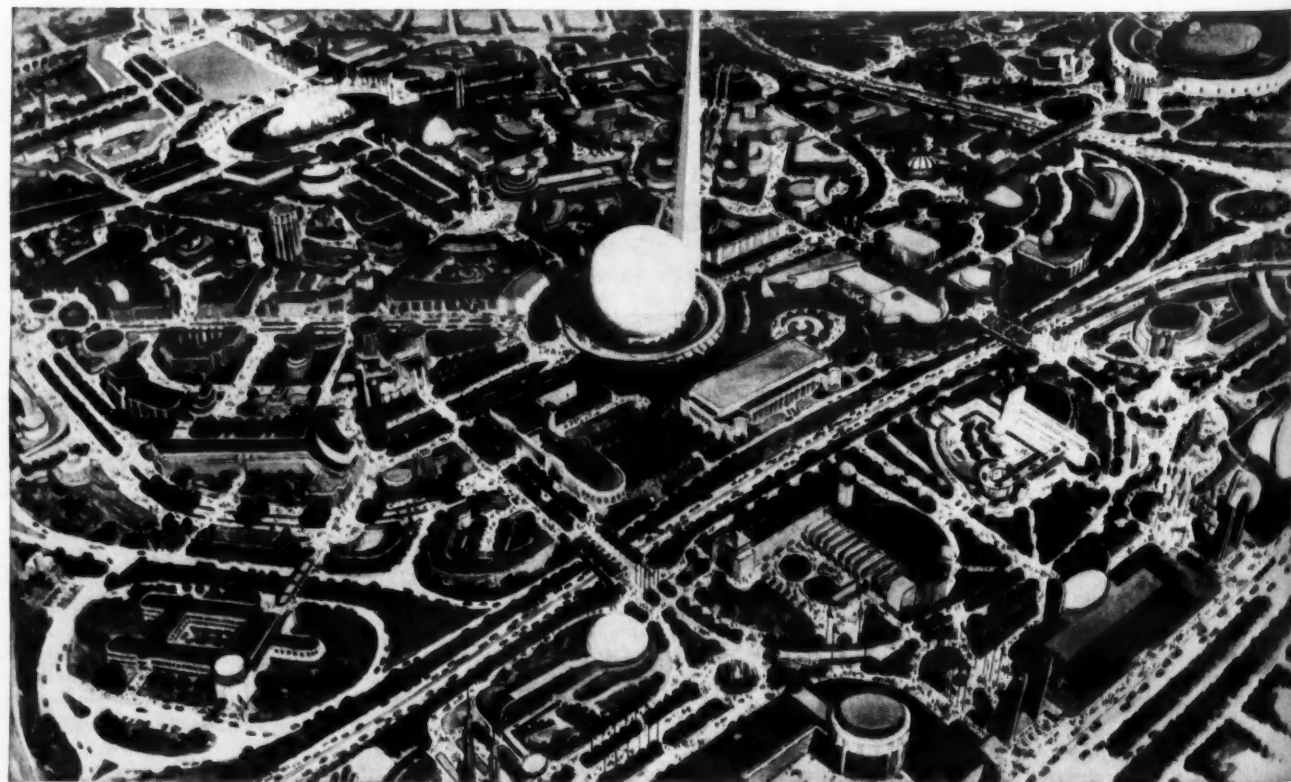
THE LA FOLLETES

Bob, senator, and Phil, governor of Wisconsin, lay plans for a new party.

keeping year 1937-1938 will be almost three and one-quarter billion dollars; next year, it is estimated, it will rise to a new high mark of approximately \$3,800,000,000. Federal relief is the nation's fourth largest business measured by the number of people supported by it.

How much of this money has been wasted, and how much has been spent for real and lasting benefits? In defense of its program, the WPA claims that families have been fed, clothed, sheltered, kept from discomfort and misery. WPA workers have made clothes, canned fruit and vegetables for the needy. Old shoes have been repaired; old furniture reconditioned. Millions of needy school children have been provided with hot lunches. Writers, artists, musicians, sculptors, and actors have been encouraged. Research projects have been carried on. And in addition, there are many concrete accomplishments. The nation has 40,000 miles of new highway; 19,000 new and 13,000 reconditioned bridges; 185,000 culverts; 105 new and 109 repaired landing fields; 12,000 new public buildings; 99 new and 934 improved hospitals; 4,000 miles of new water lines; 5,700 miles of sewer mains; 2,000 swimming pools; 3,000 tennis courts; 400 gymnasiums; 100,000 educational classes every month; 1,574 new and 16,000 repaired school buildings.

Commenting on these accomplishments, Raymond Clapper, writing in the *Washington News*, said recently:



PREVIEW OF NEW YORK'S WORLD'S FAIR

Looking a year ahead, a World's Fair artist envisages how the \$150,000,000 exposition will look when it opens on April 30, 1939. Construction is well underway, and plans for most of the major constructions have been completed and approved.



# United States

## Doing, Saying, and Thinking

don't have to have any of this. We could do without all of it. Some of it is totally useless. Yet, add it up. It is all—these bridges, aviation fields, the outdoor health activities, the educational training, and the development of the arts—all a by-product of the business of breeding and trying to save the self-respect of men and women whose services were not needed by our system of private enterprise. In spite of politics, waste, and chiseling, Hopkins has been able to return to the country a considerable dividend. What if some loafers have muscled in and gyped the taxpayers? Private enterprise has had its percentage of racketeering and loss, too, even before the New Deal came along.

### Relief Investigation

The WPA has become embroiled in Pennsylvania's political battles, and as a result an investigation has been ordered which has been enlarged to take in Florida, and may spread



LAST-MINUTE HUDDLE

WPA Administrator Harry L. Hopkins confers with his first assistant, Aubrey Williams, before appearing before the House Appropriations Committee which is considering the new spending program.

still further. It all started when Mayor S. Davis Wilson of Philadelphia accused Governor Earle, now his rival for the Democratic senatorial nomination, of shady dealings with a Pennsylvania contractor concerning public works. In return, Governor Earle lashed out at Senator Guffey, who is backing Mr. Wilson, charging that the senator controls the WPA machinery in Pennsylvania, and uses it to get votes.

Foes of the New Deal are delighted over the investigation; they feel sure that it will bring to light proof that many of the President's staunchest supporters have doled out relief dollars in return for votes. The WPA officials do not seem to be alarmed, however. They ordered the investigation at once; while most of them admit that in a program as large as that carried on by the WPA there is certain to be some graft, they claim that it has been held to a minimum.

### Tenant Experiment

One hundred farm families in southeastern Missouri are serving as an experimental group for the Farm Security Administration. A year ago, these families were tenants, typical of two and one-half million farm families in the United States. They raised one crop, cotton, and lived from one harvest to the next, never entirely out of debt.

The government has bought the land on which these families, 60 white and 40 colored, were living. It has set each farmer up on 35 to 70 acres, bought him new equipment, a cow, a hog and pigs, and 50 chickens. Prefabricated cottages, costing about \$1,000 apiece, have replaced the shacks which once dotted the fields. New, \$500 barns are going up on each farm. With the advice of FSA experts, the farmers are learning new methods—they are planting corn and oats, as well as cotton. Each farm has its truck garden, which is rarely found on tenant farms. The families have organized the LaForge Co-operative Association, which has built a cotton gin in the district. They all patronize a co-operative store, which sells farm equipment,

furniture, household supplies, clothing, and groceries.

The government owns the land now, but the FSA hopes that the farmers will soon be able to start buying their own farms. First, of course, they must repay the loans for equipment, stock, poultry, seed, new homes, and barns. They may not be able to do it; the FSA admits that the Missouri project is an experiment which may fail. Administration opponents brand it as an expensive experiment.

### Just Imagine!

What will the next 25 years bring in automobile improvements? If inventors and engineers progress as rapidly as they have in the last quarter of a century, William A. Van Duzer, director of traffic in the District of Columbia, told the Institute of Engineers, we may expect some startling and revolutionary changes.

Engines will be located in the rear, he said, to give drivers greater visibility. Automobiles will have only three wheels, so that right-angle turns may be made with safety. There will be no such thing as running out of gas—all automobiles will be powered with electric motors, which will draw their energy from ethereal waves. Photo-electric "eyes" will make it impossible for automobiles to run through red lights. Also, photo-electric cells will be installed on all highways, to switch on huge floodlights which will illuminate those sections of the highway in use. Radios in every car will receive warnings broadcast at grade crossings when trains are approaching. Polarized and nonglare windshields will elimi-



ALL SET FOR CONSTRUCTION

While Senator Robert F. Wagner of New York looks on with pride, U. S. Housing Authority Nathan Straus puts the final O. K. on the President's approved housing projects in New York City, Augusta, Georgia, and Jacksonville, Florida.

nate much of the danger of night driving, and will permit headlights to be of unlimited candle power. Highways will be "channeled" to separate traffic into several lanes, with truck traffic segregated entirely. Drivers will have to pass rigid physical examinations before receiving licenses, he believes; probably they will have to attend traffic schools at regular intervals.

### Safety in the Air

There are many people who refuse to travel by airplane because they believe it is too risky. While it is true that the airlines have suffered a number of tragic accidents, their safety record is constantly improving. For every person killed in crashes last year, the airlines carried a passenger 12 million miles in safety. In 1936, the record was slightly more than nine million miles for each death. American Airlines, which won the award for 1937 offered by the National Safety Council, carried passengers 249 million miles without a fatality. Altogether, the airlines carried passengers 476 million miles last year, an increase of 41 million over 1936. The number of passengers increased by 10 per cent over the previous year.



READY FOR HOP TO MOSCOW

World flyer Jimmie Mattern of Texas, and his \$130,000 plane, "The Texan," in which he expects to take off shortly for a nonstop flight to Moscow, Russia, via the North Pole.

## NEW BOOKS

SOME of the outstanding marvels in ancient engineering and construction are explained by John Anderson Miller in "Master Builders of Sixty Centuries" (New York: Appleton-Century, \$3). Works left by the Egyptians probably excite the most curiosity today, because everyone wonders how slaves, with only the aid of crude derricks and hoists, could have built the gigantic pyramids. The Great Pyramid of Cheops, Mr. Miller writes, was erected over five thousand years ago. Its foundations spread over a ground area equal to four city blocks, while its height compares with a modern 40-story building. About two million limestone and granite blocks were used in its construction—enough material to make a large wall more than a thousand miles long. Because the structure is so immense at its base, it has a greater cubic volume than the Empire State Building. According to a Greek historian, 100,000 men labored constantly on the work, and were relieved by a fresh lot every three months. It took about 20 years to finish the project.

Another great engineering feat which the author describes is how the Dutch have literally provided the land on which they live. This man-made land has been reclaimed from the sea by an unusual system of dykes and canals. Hollanders still must labor on these, erecting new walls and repairing the old ones, but the work actually was begun in the time of the Romans, and a great deal of the expansion occurred in the fourteenth century. One of the unique procedures which the Dutch employed was to build a dyke completely around a lake, cutting it off from all other bodies of water. Then a number of wind-



EGYPTIAN STONE CUTTERS

(From an illustration in "Master Builders of Sixty Centuries")

mills which are characteristic of the Dutch landscape were hitched up to pump the lake dry. With new methods that have been developed through the years, the Dutch are still adding acres of land to the usable area which they can farm.

Mr. Miller goes through the pages of history and describes the world's best engineering projects. His work accomplishes the difficult task of bringing these historic feats into focus with what modern engineers are doing. The account is both informative and fascinating.

WHEN Rose Wilder Lane was a little girl, she lived in a claim shanty on the Dakota plains, where she was born 49 years ago. Her father was a homesteader, and no doubt many of the stories which he told his children about the hardships and trying times for the pioneer farmers have found their way into the pages of Miss Lane's latest novel, "Free Land" (New York: Longmans, Green, \$2.50). This is a story of the eighties, when most of the country was already explored, but before the days of broad highways and fast trains which make traveling easier.

In the case of David Beaton, who wanted his share of the free land in the West, a team of horses hitched to a wagon was the most modern conveyance. He left home with his bride to make good his claim of 300 acres in Dakota grassland. Although the prospect did not look easy, he believed that his farming experience would enable him to become prosperous in the new territory, where the sod was still waiting for the plow. Besides, he had a thousand dollars saved up which would tide them over for a while.

But he had not reckoned with the Dakota weather. He had his first taste of a blizzard as he drove west, and later he learned about cyclones, droughts, and more snows. The worst winter days brought heavy falls that drifted around the sod-house shanty until the Beatons were unable to travel, and remained isolated for weeks. Railroads were just beginning to spread their lines through the nation, and one branch was to skirt David's land. The settlers hoped to get food from the east over these new railroads, until their own crops could sustain them. But no old-fashioned engine could plow through the drifts.

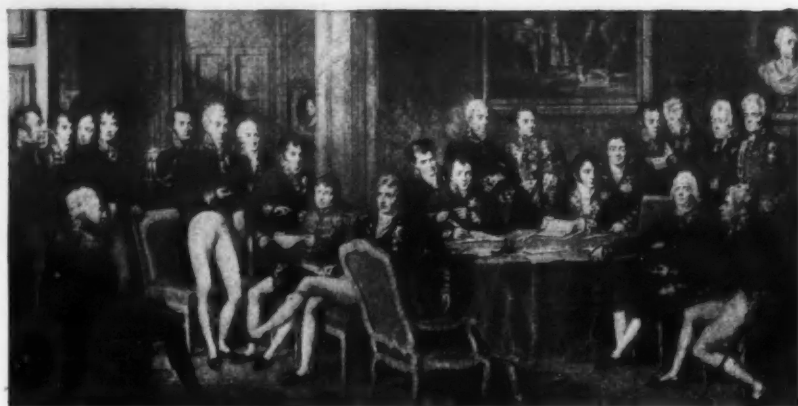
During these sub-zero days, everyone became desperate for fuel. Wood-piles soon disappeared, and then sheds were chopped up for kindling. The men brought their few horses and cows into the houses, so their families could huddle around the animals for the benefit of the heat from their sides. Finally, it was necessary to sacrifice furniture and even the floors in order to keep a small fire in the stove.

After several years of this life, David Beaton showed the stuff of which the farmer-pioneers were made when he said, "It's a good country. . . I couldn't sell out today, every jot and tittle I own, and pay over half what I owe. But it's a good country." And Miss Lane's story is good, because it is an accurate, lifelike account of a country and a people which she knows intimately.

\* \* \*

AN EXCELLENT guide for the student who is making a systematic study of words is "Vocabulary Building" (Atlanta, Georgia: Turner E. Smith and Company, \$1.20), by J. M. Steadman. The author has compiled a small volume of reliable aids for a thorough course in word study. Besides dealing with the meanings of words, he devotes chapters to pronunciation, spelling, dictionary usage, the growth of language, and other important subjects which are essential to a good background in word training. —J. H. A.





THE CONGRESS OF VIENNA, 1814-1815

The ten figures in the foreground are, in order: Wellington, Hardenberg (seated), Lowenhjelm, Metternich, Nesselrode, Palmella (seated), Castlereagh (seated), Talleyrand (seated), and Stackelberg (seated).

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### The Decline of Collective Security

RECENT events in Europe have indicated that a new chapter in the development of the continent may have now begun. The possible effects of the settlement of the Italo-British difficulties of the last three years are discussed in another column of this issue of THE AMERICAN OBSERVER. It is from the historical point of view that we are here interested in the accord. And it is in the light of historical perspective that they must be viewed if one is to see the potential significance of these developments.

If it is true that a new chapter has opened, the significant and governing factor is likely to be a return to balance of power politics, which for generations determined the relations of the European nations with one another. Although England was by no means the originator of the balance of power idea as a basis for her foreign policy, it was she who played it most successfully and most consistently during the modern period of history. It was her purpose, from the days of Queen Elizabeth to the outbreak of the World War to prevent any one nation or one group of nations from becoming strong enough to control the others. Whenever such a situation threatened to develop, England threw her weight to the weaker nation or coalition of nations, thus restoring a fair amount of equilibrium to the international balance.



DAVID S. MUZZEY

#### Postwar Policy

With the conclusion of the World War, however, balance of power politics were supposed to be supplanted by a new system of international relations, that is, collective security. The League of Nations was established for the purpose of keeping harmony among nations by means of joint action. The old system of alliances was supposed to be done away with, and most of the treaties which were made between nations were within the framework of the League. It was the era of collective security, in theory if not always in practice.

Numerous devices in addition to the League were brought into being to implement the work of collective security. There was the World Court, to which nations could bring their grievances against one another. Arbitration treaties were negotiated and late in the twenties practically all the nations of the world subscribed to the Paris Peace Pact, by the terms of which they pledged themselves to settle their differences by peaceful methods. An intricate machine of collective security was established.

In the early stages of the postwar period, it was hoped that this new system would actually work and would result in an era of peace and good will among nations. For a

while it did seem to work fairly well. But it has been apparent for at least five or six years that it had broken down, although failure was not often admitted. When the collective system failed to deter Japan in her Far Eastern program; when it was ineffective in halting Italy in 1935, even though its full weight was thrown against her; when it was unable to prevent other nations from breaking through the iron-clad structure which had been established after the war; it was a foregone conclusion that the era of collective security was dead, in everything but name.

#### Balance of Power

The reasons for this failure are too numerous to consider here. Only one of them need be mentioned. From the very beginning, the League of Nations, instead of being an organization in which all nations would have equal power and influence, was a league of victorious nations. The nations which had won the war and were intent upon keeping intact the system that had been established at Versailles dominated the League. The League was primarily an agency to further the interests of England and France.

Now Europe returns to the old system of balances. If nothing else, the British-Italian pact marks the burial of the collective system. Britain, formerly the dominant figure in League affairs, now promises to use her influence to have other League members recognize the conquest of Ethiopia, despite the fact that the conquest was effected in violation of the very foundations of the League.

It is possible that European affairs will be dominated by a concert of powers, including England, France, Germany, and Italy. Already France is making overtures to Italy, and England is seeking to come to terms with Germany. Whether such an arrangement would be more successful in establishing appeasement and stability is a matter of dispute. Historians recall that domination by such a concert of powers has in the past brought satisfactory results. It will be remembered that following the French Revolution and the Napoleonic Wars, Europe was dominated by such a concert. After the Congress of Vienna, the victorious nations formed themselves into an alliance, the principal purpose of which was to prevent changes in the system which had been established at the peace conference. Later France, the defeated nation, was taken into the league, the members of which met from time to time to discuss the European problems of the day, but primarily to prevent the slightest modification of the arrangements made in 1815. This concert of powers was able to preserve peace in Europe for a period of 40 years. Today one hears the hope expressed that a similar concert of nations will remove Europe from the brink of war on which it has been hovering for the last few years.

## Something to Think About

### Test Your Emotions

When the word *alien* or *immigrant* is mentioned, each individual is likely to have his own pet ideas on the subject. He may not have read very much about the problem, and may know few of the facts relative to it, but nevertheless he may have pronounced feelings about foreigners in this country. Our immigration policies are framed, to a large extent, on the basis of these conflicting emotions and prejudices. It is interesting and important, therefore, for each of us to see what his feelings are on this subject. Which of the following impressions best describes your attitude toward aliens?

1. Aliens are the cause of most of our troubles. If it were not for them, our unemployment problem would not be nearly so acute, nor would we have as much crime. Our government should completely prohibit further migration to this country and it should deport every alien who is not a naturalized citizen.

2. If we did not have a single alien in the United States, we would still be in serious difficulties. We cannot blame foreigners for the fact that we do not know how to run our economic machinery in such a way as to eliminate poverty and unemployment. The fact is, conditions were far better in this country during the period in our history when foreigners were coming here by the hundreds of thousands than they are now.

3. We should treat the aliens who are already in this country sympathetically, but we should strictly limit the number who come in the future.

4. Aliens are dangerous because they bring over radical ideas from Europe.

5. We can learn much from people who come to our country from other lands. Aliens have made splendid contributions in the fields of art, painting, music, and industry. They have helped to provide a cultural basis in American life.

6. We should not place any numerical limit on the migration of foreigners into this country, but we should admit only those who are average or above in intelligence and character.

7. We have the richest land in the world and it is, comparatively speaking, sparsely populated. For this reason, we should be willing to adopt a generous immigration policy. Moreover, America has always prided itself as being a land of opportunity and a haven for European and other foreign refugees. We should try to maintain that tradition.

8. Aliens are generally inferior to Americans. They drag our standards down and thus should be kept out.

After checking up on your own impressions, it would be well to ask yourself this question: "Are my views on the question of aliens based almost wholly on emotion or have I, from time to time, read a variety of articles and other material written by well-informed students of this problem?"

### Are You Sure of Your Facts?

1. How much has the federal government spent for relief during the last five years?

2. True or False: The British-Italian accord is a victory for the system of collective security established at the conclusion of the World War.

3. True or False: The La Follette brothers of Wisconsin are among the staunchest supporters of President Roosevelt and the New Deal.

4. When was the Congress of Vienna held and what were its main accomplishments?

5. Where did the cooperative movement begin and in what countries has it made the greatest headway?

6. What is meant by the balance of power?

7. Approximately how many persons have lost their lives or been imprisoned in Russia during the last year as a result of the numerous purges?

8. What action has King Carol of Rumania recently taken against the Iron Guard organization?

### Can You Defend Your Opinions?

1. If you were a member of Congress, would you vote for the enlargement of the American navy? Why?

2. Why do you think the cooperative movement has not made greater headway in the United States than it has?

3. In your opinion, should the federal government expand its activities in the field of low-cost housing?

4. Do you think that the British-Italian accord will promote peace in Europe or will have the opposite effect?

5. What, in your opinion, would be the effect of the proposed four-power pact upon the European situation?

6. Do you agree with the diagnosis of our economic ills made by William Allen White?

## Your Vocabulary

Do you know the meaning of the italicized words in the following sentences? Nature's laws are *immutable*. An owner can exercise his *prerogative* to prohibit hunting on his land. *Malleable* steel is used in many products. The judge held to his views with *permanency*. Members of the society were *iconoclasts*. The *litigant* complained against an *impingement* on justice. The team won a victory from its *maladroit* opponents.

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#### PRONUNCIATIONS:

Shantung (shan'doong'), Su-chow (soo'chow'), Konrad Henlein (kon'raht hen'line'), Sudeten (soo-day'tun'), Seijiro Joshizawa (say-jee'ro yo-shee-zah'wah'), Codreanu (kodray-ah'noo'), Istanbul (ee-stahn-bool').



IMMIGRANTS FACE THE NEW WORLD—WHAT RECEPTION WILL THEY GET?



# The Cooperative Movement in America

(Concluded from page 1)

agree to cooperate in doing their buying. They start out, perhaps, by organizing a buying club, pooling their purchases of supplies and going directly to wholesalers. As their organization grows, they decide to establish a store.

Capital is provided for this venture by shares of stock purchased by the members. Every member must be a stockowner in order to benefit from the cooperative, but the amount of stock he may own is limited. And no matter how much stock he owns, he has only one vote in determining the policies of the cooperative. This keeps the movement democratic.

2. When a store is established, a competent manager is hired to run it. Employees are paid union wages and union membership is approved. Goods are sold over the counter both to members and to nonmembers. Each article is sold for cash at the lowest prevailing retail price for that article. Price-cutting, which arouses the hostility of other merchants, is not practiced.



COURTESY COOPERATIVE LEAGUE  
BRANCH STORE OF THE UNITED COOPERATIVE SOCIETY,  
MAYNARD, MASSACHUSETTS

3. The earnings, or profits, of the cooperative are reckoned at stated intervals. These earnings may then be turned back to the members in proportion to the amount of purchases with which they are credited. Here again, stock ownership plays no part in the distribution of earnings. A member receives a fixed amount of interest on his stock. His dividends are based on his purchases, and represent a saving on his living costs.

## Other Principles

If the members elect, all the money earned by the cooperative need not be distributed. Part or all of it may be placed in a fund to be used for various purposes—improvement of plant and equipment, or the opening of other cooperatives such as gas stations, laundries, and bakeries. These matters are decided by equal vote of all members.

These are the Rochdale principles, and whenever cooperatives have departed from them they have usually failed. It is clear that they introduce a different and radical system of business operation. The cooperatives seek to do away with middlemen's profits. They try to make the consumer's dollar go as far as possible, to make it purchase the largest amount of good quality merchandise.



U. S. DEPARTMENT OF AGRICULTURE  
A DAIRYMEN'S COOPERATIVE ASSOCIATION PLANT

To bring this about, cooperative activity has spread into many fields. The movement, as we have seen, usually starts with buying clubs and cooperative stores, followed by filling stations, laundries, bakeries, dairies, and other forms of retail establishment. However, it does not stop with the field of retailing. Cooperative stores band together and establish wholesale houses, thereby eliminating another profit in the processing and sale of merchandise.

From there the movement may go farther to include the manufacture of certain goods, wiping out the manufacturer's profit. Wholesalers, and even stores, may deal directly with farmers' selling cooperatives, the intention here being to assure the farmer of a fair price for his product, and the consumer a reasonably low price for what he must buy.

To date, cooperatives in the United States have not ventured far into the field of manufacturing. Supporters of the movement are convinced, however, that it will continue to spread in all directions, rising from the groundswell of small consumer organizations and pushing forward into the stage of production. Their ideal is to develop a new form of society—one in which business will not be carried on for profit, but for the purpose of satisfying the requirements of the consumer. Production for use, not for profit, is their motto.

A kind of religious zeal accompanies the movement. Its staunchest adherents claim that they are introducing Christianity into the economic life of their members. Individuals are taught



FSA PHOTO BY LOCKE  
THE COOPERATIVE GENERAL STORE AT ARTHURDALE,  
WEST VIRGINIA

to cooperate with one another rather than to engage in competition. They are taught to rely on themselves, acting cooperatively with their neighbors, rather than on government or big business. Backers of the movement are certain that this system, if it becomes sufficiently extensive, will wipe out many of the ills which now affect mankind. They do not, of course, claim that the cooperative movement is a cure-all, but they do think that its adoption would bring manifold blessings.

This brings us to the question of what are the prospects for the cooperative



COURTESY COOPERATIVE LEAGUE  
THE CENTRAL COOPERATIVE WHOLESALE, SUPERIOR, WISCONSIN

movement, and what are its limitations. Viewed in the light of recent past history, the prospects would appear to be good. Consumers' cooperatives, as has been stated, have doubled in number since 1933. Total volume of business in 1936 amounted to \$182,000,000. The United States Bureau of Labor Statistics described the growth of cooperatives as "a record of slow, quiet expansion."

## Prospects

The present movement in this country has been built upon a solid foundation. Nearly half of the cooperatives draw their membership from farmers. The American farmer has a long tradition of cooperation behind him. Through such organizations as the National Grange, the Farmers' Union, and the Farm Bureau Federation, thousands of farmers have become experienced in cooperation. Organizations established to sell farm products, and to purchase farm supplies, have functioned long and well.

Farmers, in addition, have long cooperated in supporting insurance societies. There are 2,000 such insurance groups with a membership of 3,000,000.

In towns and cities, consumers' cooperatives are deriving support from white-collar workers and from labor unions. Finally, government agencies have come to the support of cooperatives. The federal government sponsors cooperative construction of rural electric lines, is experimenting with cooperative communities for tenant farmers, and is backing cooperative stores in towns which it has built—

Greenbelt, Maryland; Arthurdale, West Virginia; and Norris, Tennessee. State governments have laws to facilitate the operation of cooperatives; a number of states grant them tax exemptions.

With this support, and these advantages, it might be expected that the cooperative movement would increase by leaps and bounds. Many people, however, are skeptical about the movement, and believe it has limitations which will impede its growth. Many others, of course, are strongly opposed to it because of its competition with private business.

Probably the greatest obstacle in the path of cooperatives is that they usually do not provide large savings to their members. One belonging to a successful cooperative may save as much as five per cent on his purchases, and as much as eight per cent on gasoline and oil.

It is true that in course of time these small savings mount up, but at the same time members are not easily attracted by savings no greater than these. Many people would doubtless consider the savings not to be worth the extra trouble of belonging to a cooperative. Moreover, when earnings, instead of being distributed to members, are set aside for purposes of expansion, the attractiveness of a cooperative may be lessened—however valuable expansion may be in the long run.

Cooperatives must struggle with the same problems which affect private business. They must grapple with inefficiency,

insufficient capital, sudden price declines, and other factors which tend to make any enterprise a precarious venture. There are, in addition, the added handicaps of declining interest on the part of members.

Business, while generally opposed to cooperatives, has not yet become greatly alarmed over the movement's growth. The United States Chamber of Commerce believes that private business can meet the challenge of the cooperatives, through efficiency and service. It points out that retail business in the United States amounts to \$30,000,000,000 a year. Cooperatives have captured less than \$200,000,000 of this business. It decries, however, any government assistance to cooperatives, claiming that they should succeed or fail on their own merits.

Consumers' cooperatives, with their nearly a million members (people engaged in all types of cooperation number six million), are untroubled over these and other objections and criticisms which are made. They say that their movement is succeeding, as evidenced by its steady growth. They admit that they have problems to solve, but believe that they are organizing on a solid and lasting basis.

## SMILES

It was an old lady's first ride in a taxi and she was watching the driver put his hand out of the window as he signaled. At last she spoke up and said, "Young man, you tend to your driving; I'll tell you when it starts to rain."  
—BOY'S LIFE

Friend: "Did you get any replies to your advertisement that a lonely maiden sought light and warmth in her life?"  
Spinster: "Yes; two from an electric company and one from the gas company."  
—MINNEAPOLIS JOURNAL

She: "My sister is going to marry the cashier in a bank. Is it a steady job?"  
He: "Yes—if he doesn't start to bring home samples."  
—SELECTED



"IT'S A VERY NICE SHIPWRECK, MR. STONE, BUT WHO'S RESPONSIBLE FOR LEAVING THAT KEY IN THE BOAT?"  
GREEN IN COLLIERIES

Aspirant: "May I count on your supporting me?"  
Citizen: "Are you running for office, or do you want to marry my daughter?"  
—SELECTED

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